

Investec Wealth & Investment Sustainable MPS



Our Sustainable MPS range is a multi-asset investment solution that allows clients to generate returns, whilst contributing to a more sustainable future.

Intended for Professional Advisers only





SUSTAINABILITY FOCUS:

A focus on managing ESG-related risks and opportunities.



ASSET ALLOCATION:

Underpinned by the macroeconomic and asset allocation views of our Investment and Research Office.



EXPERTISE:

We don't believe that a fund has to have a 'sustainability' label on it to be appropriate for our sustainable MPS range.

Likewise, we don't think that every fund that does have a 'sustainability' label is appropriate.

We use our fund selection expertise – particularly the in-depth ESG assessment work that we do on all funds – to select funds for our Sustainable MPS range.



RISK CONSCIOUS:

Sustainability investing can lead to a number of hidden portfolio risks.

We will aim to balance risk and return by blending different types and styles of funds in each asset class.

The Investec Sustainable MPS range is designed for clients who want an investment solution which is focussed specifically on sustainability, whilst still being aligned to the asset allocation and macroeconomic views of our market leading Investment and Research Office. We use our expertise in fund selection to generate returns whilst being conscious of risk.

What do we mean by sustainable investing?

We define sustainable investing as focussing on avoiding the risks and taking on the opportunities that arise from long-term trends in society, when managing investments in a portfolio. For example:

Risks: A company that is poorly governed or which treats its customers badly could pose risks to the long-term returns of a portfolio.

Opportunities: A company that is positioned to benefit from society's transition to tackling climate change may provide an opportunity for long-term returns.

It's important not to confuse sustainable investing with ethical investing. Whilst we are conscious of 'sin industries', our approach to sustainable investing is not designed to align with any particular ethical criteria.

How does ESG fit into sustainable investing?

Sustainable investing is the approach that we take to managing our Sustainable MPS portfolios.

ESG is the framework that we use to determine which investments align with our sustainable investing approach, and therefore which investments may be suitable for inclusion within our Sustainable MPS portfolios.

ESG stands for Environmental, Social and Governance. The sustainability of a company can be determined by how well the company addresses ESG factors:

Environmental Factors: Including how well the company manages its water usage, how much it pollutes, and how effectively the company combats climate change.

Social Factors: Including how responsible the company is to its customers, how well it complies with labour standards, and the company's policies towards human rights and its communities.

Governance Factors: Including how effectively the company prevents corruption, the quality of its management and how transparent the company is with its taxes.

Our Experience in Sustainable Investing

All of our wealth management services are founded on the asset allocation and macroeconomic expertise of our Investment and Research Office, which is made up of 25 career analysts with an average of 19 years experience between them.

A dedicated Investec ESG Committee, made up of nine analysts and investment managers that specialise in sustainable investing, sit at the heart of the process. This committee is chaired by our Chief Investment Officer, who has 16 years of ESG and sustainable investment experience; both as a portfolio manager and a fund analyst.

Together they translate our central asset allocation views to our Sustainable MPS range, build and maintain the models for sustainable portfolios and manage broader ESG and stewardship initiatives, such as

our submissions to the stewardship code and the UN PRI. This expertise ensures we maximise the opportunity for investment performance for your clients.

Investec is proud to promote diversity, both in terms of composition and decision making. The members of our ESG Committee have a range of different backgrounds, ages, and ethnicities, with a gender split of 45% men and 55% women. We believe that successful asset allocation decisions require active engagement and debate, with everyone feeding into decision making.

All of Investec's Investment and Research Office either hold or are working towards ESG accreditation (for example the CFA Certificate in ESG Investing).



How we construct our Sustainable MPS range

Our list of researched funds

Funds are one of the key components of our wealth management services, alongside direct equities and bonds. Unlike our Discretionary Fund Management service (which uses direct equities and bonds as well as funds), our MPS and Sustainable MPS services exclusively use funds.

Our services can only use funds that feature on the research list that is maintained by our Investment and Research Office.

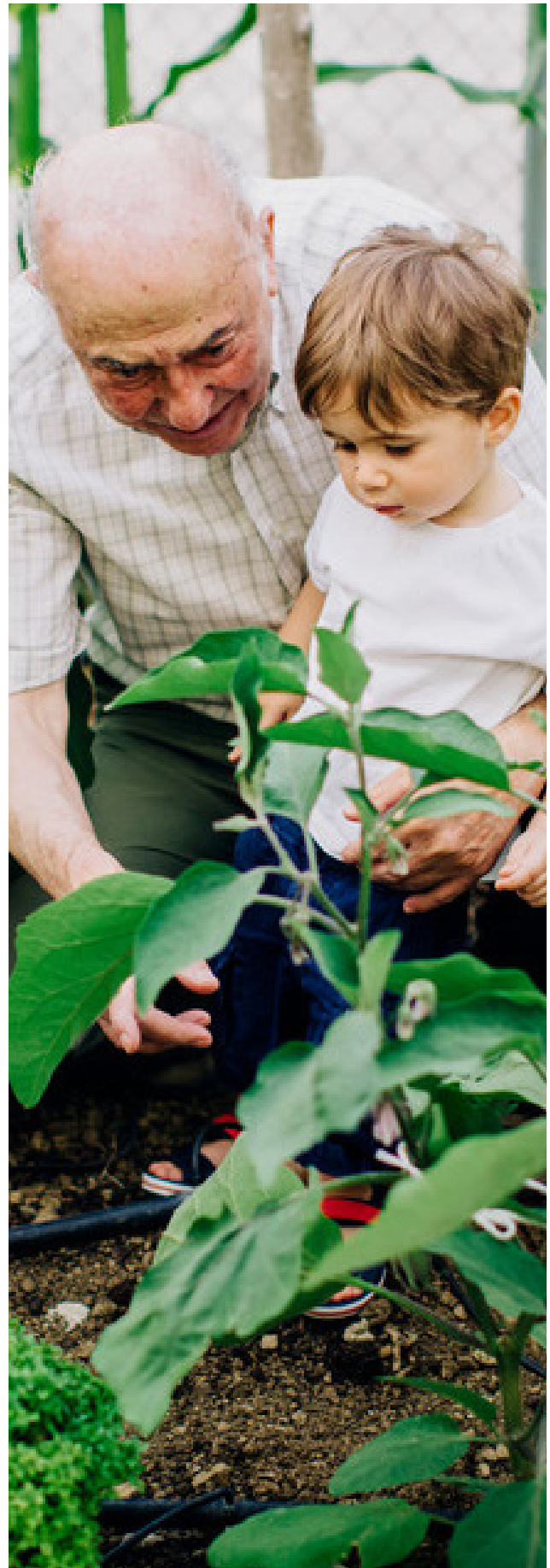
A fund will only feature on our Investment and Research Office's list if it has passed our annual APPROVED process (Assets manageable, Philosophy resonates, Process disciplined, Risk managed, Organisationally sound, Value for money, ESG integrated, Demonstrable talent).

Giving a sustainability rating to each fund on our list

Our Sustainable MPS range only uses funds from our researched list that have been considered as part of our APPROVED process (the 'E' stands for ESG Integrated). We rank a fund's ESG credentials in three steps:

- 1 Annual Quality Review:** We conduct an annual due diligence of the fund. This covers a wide range of topics that relate to the APPROVED process. Within the Quality Review, we ask ten questions specifically relating to the fund's ESG credentials (e.g. 'are you a member of the UN PRI?').
- 2 Annual ESG Due Diligence Review:** We also conduct a separate ESG Due Diligence review on the fund to understand how the fund manager uses ESG analysis to deliver performance and reduce risk. This review covers a broad range of ESG issues, such as commitment, resourcing, engagement, scoring, efficacy, and measurement.
- 3 Manager Meetings:** Finally, our research analysts meet with the fund's manager. The analysts will use fund manager's answers to the Annual Quality and ESG Due Diligence Reviews to question the fund manager in detail about their process.

Having completed these steps, our research analysts will give an ESG rating to the fund. Funds whose objective is specifically focussed on sustainability are rated as 'Sustainable Objective'. Funds that do not have a specific sustainability objective are given an ESG rating of Poor, Basic, Intermediate, or Excellent.



Investec Wealth & Investment Fund ESG Ratings

POOR	Fund does not take ESG considerations into account when making investment decisions
BASIC	Fund may consider ESG to some degree or be aware of ESG risks, but does not seek to integrate ESG into all stages of the investment process
INTERMEDIATE	ESG is an integral part of the fund's investment process to better understand risks and opportunities, but fund does not necessarily engage with companies nor make buy/sell decisions based on ESG criteria
EXCELLENT	Fund fully integrates ESG in its investment process and engages with companies
SUSTAINABLE OBJECTIVE	Fund's investment mandate is focussed on sustainability

Building the Sustainable MPS portfolio

All of our wealth management services are built and managed according to our Investment & Research Office's asset allocation and macro-economic views, and our Sustainable MPS portfolios are no different.

Where our Sustainable MPS portfolios differ relates to the funds that are used to achieve the views of our Investment & Research Office. Our UK ESG Committee builds and maintains our Sustainable MPS range.

They start building the portfolios by only using those funds on our researched list that have been given an ESG rating of "Sustainable Objective". Next, the ESG Committee will supplement the portfolios with funds that have an ESG rating of "Excellent". If we need to manage a significant risk, the ESG Committee may introduce a fund that doesn't hold a "Sustainable Objective" or "Excellent" rating, but has still passed our APPROVED process. Finally, the portfolios are reviewed and adjusted.

Our Sustainable MPS portfolios are constantly monitored. We are always looking to optimise the asset allocation and fund selection within the portfolios, and with market conditions continually changing we feel it is our duty to be active when necessary.

What sets our process apart

- **Input Based**
We use our own expertise, research and assessments to decide which funds to include in our Sustainable MPS range. We do not use third party models which generally focus on a snapshot of a fund's holdings, and do not sufficiently interrogate the fund's management style.
- **Risk Conscious**
A focus on sustainability should not come at the cost of effective portfolio management. Sustainable investing can give rise to many hidden risks for clients and our priority is to manage those risks. If we think a significant risk in our Sustainable MPS portfolios needs to be balanced, we will trade-off the sustainability rating of a fund in order to manage that risk.



Annual Management Charge (AMC)

The Investec AMC is calculated at 0.20% per annum. There are no further charges applied by Investec.

Ongoing Charges and Fees (OCF)

The OCF for our core managed strategies is capped at 0.60% and our Sustainable MPS strategies is capped at 0.75%. These charges may vary from platform to platform but won't exceed their cap. Full MiFID II costs and charges are detailed in the most recent Strategy factsheet. This can change at any point and is intended to be indicative only.

Reporting

Factsheets will be available for each of the strategies on a monthly basis, however we do not provide specific client reporting. You will therefore need to arrange your client valuation reports, loss notifications and other communications from your chosen Platform.

Benchmarks

We provide a benchmarking framework based on the three distinct measures as featured in the Managing Your Investments guide, namely:

1. A bespoke benchmark index based on each strategy's Strategic Asset Allocation, which is our primary measure.
2. A long-term objective to reflect a steady return figure that we would expect your clients investments to deliver over the long-term.
3. A comparison of performance against peer group investment firms which is produced by Asset Risk Consultants (ARC).

Please refer to the Managing Your Investments document for further information.

Accessing MPS on Platforms

Please refer to our [MPS webpage](#) or your local Business Development Director for the list of third-party platforms our models are available on.

In order to invest within any of the strategies it is necessary to confirm your agreement to our Terms of Business for MPS, after which we will create an Agency and arrange for you to access our strategy models on the relevant Platform.

If there is a specific Platform which is of interest to you but not currently listed on our website, or you would like further information on MPS on Platforms or any of our other services, then please do not hesitate to contact your local Business Development Director or email MPSONplatforms@investecwin.co.uk and we will be pleased to assist you.

Risks

This offering is a discretionary managed portfolio service for clients of Advisers only. The service and investment strategy is not suitable for those investors who cannot bear capital loss. Advice must be sought before the service is distributed.

Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. As with all investment, capital is at risk.



Why Investec

Investec Wealth and Investment is one of the UK's leading and most reputable investment management companies, with responsibility for over £45.3bn* of client assets. We are recognised industry leaders and were voted the number one preferred Discretionary Fund Manager (DFM) provider for bespoke services in Defaqto's DFM Satisfaction Survey 2020. We have over 25 years experience working with Advisers in the UK, and in that time we have earned a reputation for providing Out of the Ordinary levels of service.

*As at December 2021



The information contained within this brochure does not constitute financial advice or a personal recommendation. Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest. References to taxation are based on our current understanding of the legislation but we do not represent that it is accurate or complete and it should not be relied upon as such. Tax laws are subject to change.

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